



MAYOR AND COUNCIL AGENDA

NO. 16

DEPT.: Finance / Legal

DATE: September 23, 2004

ACTION: Adoption of Ordinance to amend certain provisions of Chapter 17 of the Rockville City Code, entitled "Purchasing," pertaining to procurement contracts and procurement methods so as to increase the monetary threshold for procurements requiring Council approval, and to make other technical clarifications as to when formal written contracts are required.

ACTION STATUS:

FOR THE MEETING OF: 10/04/04

INTRODUCED 9/13/04

PUB. HEARING

INSTRUCTIONS

APPROVED

EFFECTIVE

ROCKVILLE CITY CODE,

CHAPTER

SECTION

☐ CONSENT AGENDA

RECOMMENDATION: Staff recommends that the Mayor and Council adopt this ordinance.

IMPACT: ☐ Environmental ☒ Fiscal ☐ Neighborhood ☒ Other: Administrative

The revised Ordinance will allow for greater efficiency in the procurement of goods and services for the City's use.

BACKGROUND:

In June 2002 the monetary threshold for procurements requiring Mayor and Council approval was raised from \$20,000 to \$40,000. The attached ordinance further increases this threshold to \$100,000.

During fiscal year 2004, 28 items required Mayor and Council authorization before the City Manager could execute contracts to vendors. Increasing the approval threshold of the Mayor and Council from \$40,000 to \$100,000 would have eliminated 8 of these items or about 28%. Generally these items are approved without discussion since vendor selection is governed by the low-bid and other requirements in the City's purchasing rules.

Taking a purchase to the Mayor and Council for approval can add several weeks to the approval process. This will be exacerbated by the new, less frequent meeting schedule. We believe that the additional effort and time delay should be reserved for the more significant, higher-value purchases.

Staff will provide monthly reports through the correspondence package to the Mayor and Council on contracts awarded exceeding \$40,000. In addition, purchases of any size which raise significant or

unusual issues would be brought to the attention of the Mayor and Council.

Also an error in the original ordinance occurred in section 17-37 which was contrary to the intent of the ordinance.

Section 17-37 Formal Contracts requires formal written contracts signed by the City Manager and the contractor for procurements exceeding (\$15,000).

Although "procurement" is defined as the acquiring of "any supplies, services insurance, or construction," the intent of this clause was to cover construction, professional services and requirements contracts only, not contracts for the purchases of goods or equipment. The liability to the City is negligible for such purchases as no payment is made to the contractor until the item is delivered. The requirement of a formal agreement adversely affects the efficiency of the process without adding any additional security and therefore it is recommended that the wording "except for the purchase of goods and equipment" be added this section of the Ordinance.

PREPARED BY:


Eileen Morris, Contract Officer

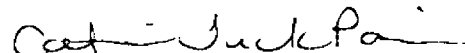
9/27/04

APPROVE:


Donna Boxer, Director of Finance

9/23/04
Date

APPROVE:


Catherine Tuck Parrish, Acting City Manager

9/28/04
Date

LIST OF ATTACHMENTS:

A copy of the Ordinance is attached.

Ordinance No. ____ ORDINANCE: To amend certain provisions of Chapter 17 of the Rockville City Code, entitled "Purchasing," pertaining to procurement contracts and procurement methods so as increase the monetary threshold for procurements requiring Council approval, and to make other technical clarifications as to when formal written contracts are required

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND that "ARTICLE II. CONTRACT FORMATION, Section 17-38. "Formal contracts," Section 17-39 "Awarding authority" and Section 17-40 "Contract modifications; change orders; price adjustments" are amended to read as follows:

ARTICLE II. CONTRACT FORMATION

Sec. 17-38. Formal Contracts.

Except for the purchase of goods and equipment, [F]formal written contracts signed by the City Manager and the contractor shall be required for procurements exceeding fifteen thousand dollars (\$15,000.00), including requirements contracts estimated to exceed fifteen thousand dollars (\$15,000.00) in any given fiscal year.

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Sec. 17-39. Awarding authority.

(a) All contracts involving more than [forty thousand dollars (\$40,000)] One Hundred Thousand Dollars (\$100,000.00) shall be awarded by the Council, except as may be specifically provided herein.

(b) * * *

(c) * * *

Sec. 17-40. Contract modifications; change orders; price adjustments.

The following contract changes (including contract modifications, change orders, and price adjustment) must be approved by the Council:

(1) Changes to any contract not originally awarded by the Council when the cumulative value of the original contract and all changes to the contract exceed [forty thousand dollars (\$40,000.00)] One Hundred Thousand Dollars (\$100,000.00);

(2) Changes to any contract originally awarded, or any contract previously modified, by the Council when the cumulative value of all changes exceed both

a. [Forty thousand dollars (\$40,000.00)] One Hundred Thousand Dollars (\$100,000.00) and

b. Ten percent (10%) of the original contract.

NOTE: [Brackets] indicate material deleted.

Underlining indicates material added.

Asterisks * * * indicate material unchanged by this ordinance.

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I hereby certify that the foregoing is a true and correct copy
of an Ordinance adopted by the Mayor and Council at its
meeting of

Claire F. Funkhouser, CMC, City Clerk

Ordinance No. _____

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